

Capital Improvement Plan

PROGRAM PURPOSE

The FY 2007-12 CIP is a comprehensive five-year capital improvement plan designed to develop and identify projects and the associated funds required to adequately develop and maintain the Town's infrastructure and future capital improvements. To this end, the Town has established the following various master plans to provide a foundation in the development of goals and priorities for capital improvement projects:

- General Plan
- Street Improvement Program
- Storm Drain Master Plan

Town Council has also adopted a strategic goal to maintain the condition and availability of public facilities, transportation systems, and other public infrastructure. A priority within this goal is to address the funding needs for street maintenances, sidewalks and retaining walls. This CIP addresses that priority by providing funding for these projects.

The Town's capital projects are categorized into three program areas as described below:

- ***The Streets Program*** was established to develop a functional street system that is consistent with the General Plan. Objectives include providing safe and efficient traffic flow through intersections while minimizing unnecessary traffic movement and noise through residential neighborhoods, and providing proper street lighting for traffic safety at intersections and public streets. The primary source of financing for this program comes from General Fund savings, Redevelopment Agency funds, and Gas Tax Fund revenues. Street projects may also receive funding from federal, state, and local grants.

Within the Streets Program, Storm Drain Fund monies are used for the construction of drainage facilities which occur in conjunction with other street improvements. Storm Drain funding is derived from a Town charge of 75 cents per square foot of impervious surface created by development. After many years at 33 cents per square foot, this rate was changed effective July 1, 2004. Depending on the level of development activity, these fees produce around \$100,000 annually.

The Utility Undergrounding Fund is another funding source utilized in the Street Program. This fund accrues construction tax revenue of 18 cents charged for each square foot of building addition or alteration within the Town. This revenue is used for projects placing overhead utility lines underground in the effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines. Utility Underground projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects which will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are electric tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually.

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- ***The Public Facilities Program*** includes projects for purchasing, constructing or making capital repairs to public buildings, structures, and equipment. Town buildings include the Civic Center, Neighborhood Center, Service Center, Tait Avenue and Forbes Mill Museums and partial service to the Recreation Center, which is a Town-owned building leased to the Los Gatos-Saratoga Recreation District. There is no designated funding for this program, and any allocations generally come from General Fund prior year savings or grant funds applied to qualified improvements, such as Community Development Block Grant funds for American Disabilities Act improvements.
- ***The Parks Program*** includes projects for parks, park buildings, urban forestry, and urban beautification. This capital plan also does not have a designated revenue source, and funding is currently dependent on budgeted allocations from General Fund savings, grants and State park bond funds. Park projects may, on occasion, include community volunteer services for minor construction and clean-up projects.

PROGRAM PROCESS

A Capital Improvement Plan (CIP) project includes construction, acquisition, rehabilitation, or non-routine maintenance that generally cost \$25,000 or more with a minimum useful life of 5 years at a fixed location. The CIP attempts to identify all capital maintenance, facilities, and improvements needed within the next five years, with cost estimates based on current year dollars. Estimates for carryover projects are updated as necessary to a recent engineer's estimate based upon current design specifications. Equipment, operating, and maintenance costs incurred as an outcome of CIP projects are identified and included in the operating budget.

Under direction from the Town Manager's Office, the Parks and Public Works Department took the lead in the preparation of the projects for consideration in the current Capital Improvement Plan (reflected in detail in a separate document). In coordination with other Town departments, capital improvement projects and funding sources were reviewed and prioritized to ensure the Town's priorities are addressed and in conjunction with the preparation of the Operating Budget. The proposed CIP budget is then presented to the Planning Commission and to the Town Council for review to ensure that the projects are consistent with the Town's General Plan, for approval.

This Operating and Capital Summary Budget document limits the Town's CIP financial information to the first year of the plan, as it relates to the Town's Operating Budget. The full five year project outlook is available in the separate Capital Improvement Plan budget document.

CAPITAL IMPROVEMENT PLAN

SUMMARY OF CIP REVENUES AND EXPENDITURES

| | 2003/04 Actuals | 2004/05 Actuals | 2005/06 Actuals | 2006/07 Adopted | 2006/07 Estimated | 2007/08 Adopted |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|----------------------|--------------------|
| REVENUES | | | | | | |
| <i>Miscellaneous Other Taxes</i> | 169,440 | 410,371 | 348,988 | 157,000 | 175,000 | 155,000 |
| <i>Intergvtl- Carryforward</i> | - | - | - | - | - | 3,635,904 |
| <i>Intergvtl- Current Year</i> | 1,190,462 | 796,834 | 804,785 | 5,185,873 | 2,507,551 | 1,002,370 |
| <i>Interest Income</i> | 70,510 | 86,530 | 96,750 | 85,500 | 130,000 | 137,400 |
| <i>Other Sources</i> | 412,623 | 268,859 | 406,162 | 1,231,930 | 276,310 | 163,240 |
| <i>Operating Transfers</i> | 135,290 | 137,770 | 715,409 | 837,389 | 1,442,747 | 682,130 |
| TOTAL REVENUES | \$1,978,326 | \$1,700,364 | \$2,372,094 | \$7,497,692 | \$4,531,608 | \$5,776,044 |
| EXPENDITURES | | | | | | |
| <i>Salaries and Benefits</i> | 24,031 | 27,781 | 8,721 | - | 955 | - |
| <i>Operating Expenditures</i> | - | - | - | - | - | - |
| <i>Capital Projects - Carryfwd</i> | - | - | - | - | - | 4,632,976 |
| <i>Capital Projects - New</i> | 3,787,198 | 835,126 | 2,618,209 | 8,338,443 | 4,598,790 | 2,372,870 |
| <i>Internal Service Charges</i> | 6,397 | 1,369 | - | - | - | - |
| TOTAL EXPENDITURES | \$3,817,626 | \$ 864,276 | \$2,626,930 | \$8,338,443 | \$4,599,745 | \$7,005,846 |
| OPERATING TRANSFERS | | | | | | |
| <i>Transfer to General Fund</i> | 228,741 | 171,572 | 311,081 | 146,430 | 56,000 | 156,000 |
| <i>Transfer to GFAR</i> | - | - | - | - | - | - |
| TOTAL OP TRANSFERS | \$ 228,741 | \$ 171,572 | \$ 311,081 | \$ 146,430 | \$ 56,000 | \$ 156,000 |

CAPITAL IMPROVEMENT PLAN

The following schedule summarizes the Capital Improvement Projects completed in FY 2006/07.

COMPLETED CIP PROJECTS FY 2006/07

| | <u>Est Exp Prior To FY 2006/07</u> | <u>Expenditures During FY 2006/07</u> | <u>Estimated Carryforward</u> | <u>New Funding FY 2007/08</u> | <u>Total Budgeted</u> |
|---|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>GFAR Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 255,000 | - | - | 255,000 |
| Shannon Trail Construction | - | 59,000 | - | - | 59,000 |
| PD Computer Aided Dispatch | 96,293 | 33,707 | - | - | 130,000 |
| Telephone System Upgrade | - | 70,000 | - | - | 70,000 |
| Permits Tracking System Upgrade | - | 309,300 | - | - | 309,300 |
| Civic Center Leak Repairs | - | 113,732 | - | - | 113,732 |
| Blossom Hill Rd Sidewalk Imprv | - | 153,120 | - | - | 153,120 |
| N. Santa Cruz / Roberts Crosswalk | - | 18,840 | - | - | 18,840 |
| Balzar Field Facility Improvements | - | 13,826 | - | - | 13,826 |
| Knowles Ave Railroad Crossing | - | 22,700 | - | - | 22,700 |
| Oak Meadow Park - Retaining Wall | - | 11,500 | - | - | 11,500 |
| Tait Museum Roof Replacement | - | 75,000 | - | - | 75,000 |
| <i>Grants and Awards Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | 9,146 | 384,068 | - | - | 393,214 |
| College Ave Walkway Repairs | - | 53,882 | - | - | 53,882 |
| Balzar Field Facility Improvements | - | 141,174 | - | - | 141,174 |
| Recreation Bldg ADA Restrooms | - | 45,000 | - | - | 45,000 |
| Belgatos Parking Lot Resurf | - | 95,000 | - | - | 95,000 |
| Blossom Hill Park Pathway | - | 85,000 | - | - | 85,000 |
| Live Oak Manor Park Imprv | - | 38,000 | - | - | 38,000 |
| LG Creek Trail - Pathway Resurf | - | 55,000 | - | - | 55,000 |
| Oak Meadow Restroom Repairs | - | 30,688 | - | - | 30,688 |
| Oak Meadow Park - Retaining Wall | - | 50,460 | - | - | 50,460 |
| <i>Storm Drain Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 50,000 | - | - | 50,000 |
| N. Santa Cruz / Roberts Crosswalk | - | 14,150 | - | - | 14,150 |
| Wedgewood Ave Street Imprv | 7,386 | 267,614 | - | - | 275,000 |
| Johnson Ave Storm Drain | - | 40,000 | - | - | 40,000 |
| E Main Street Storm Drain | - | 75,000 | - | - | 75,000 |
| <i>Gas Tax Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 82,308 | - | - | 82,308 |
| <i>RDA Capital Projects</i> | | | | | |
| Downtown Street Resurfacing | 1,671,447 | 960,000 | - | - | 2,631,447 |
| <i>Total of Completed Projects</i> | \$ 1,784,272 | \$ 3,603,069 | \$ - | \$ - | \$ 5,387,341 |

CAPITAL IMPROVEMENT PLAN

The following schedule summarizes the Capital Improvement Projects continuing into FY 2007/08. Continuing projects are defined further in the following fund sections.

CARRYFORWARD CIP PROJECTS FY 2007/08

| | Est Exp Prior To FY 2006/07 | Expenditures During FY 2006/07 | Estimated Carryforward | New Funding FY 2007/08 | Total Budgeted |
|---|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>GFAR Carryforward Projects</i> | | | | | |
| Quito Rd - Bridge Replacement | 11,630 | 38,017 | 85,713 | - | 135,360 |
| Civic Center Master Plan | 253,445 | 54,005 | - | 100,000 | 407,450 |
| Town Infrastructure Needs | 205,760 | 15,000 | 24,240 | - | 245,000 |
| Traffic Calming Projects | 268,925 | 5,000 | 50,000 | 30,000 | 353,925 |
| Town Beautification Projects | 52,247 | 25,000 | 97,753 | - | 175,000 |
| Curb, Gutter, and Sidewalk Repairs | 1,345,068 | 143,553 | - | 200,000 | 1,688,621 |
| Street Repair & Resurfacing | 7,950,750 | - | - | 644,200 | 8,594,950 |
| Retaining Wall Repairs | 559,113 | 150,000 | 25,766 | 350,000 | 1,084,879 |
| Skateboard Park (<i>Community Donations</i>) | - | - | 775,000 | - | 125,000 |
| Skateboard Park | - | 36,530 | 88,470 | - | 125,000 |
| Roberts Rd - Bridge Replacement | 8,695 | 3,500 | 292,220 | - | 304,415 |
| Hwy 9 Safety Improvements | - | 35,000 | 169,000 | - | 204,000 |
| Information System Upgrade | - | 291,090 | 133,910 | - | 425,000 |
| Audio/Video System Upgrade | - | 52,000 | - | - | 52,000 |
| Annual Street Restriping | - | 28,559 | - | 25,000 | 53,559 |
| School Route Eval and Design | - | - | 30,000 | - | 30,000 |
| <i>Grants and Awards Carryforward Projects</i> | | | | | |
| Park Grant Funds to be Allocated | - | - | 62,487 | - | 62,487 |
| Skateboard Park | 36,530 | (36,530) | 100,000 | - | 100,000 |
| Bachman Park Irrigation Upgrades | - | 5,000 | 95,000 | - | 100,000 |
| Roberts Rd Bridge Replacement | - | 14,750 | 1,678,850 | - | 1,693,600 |
| Hwy 9 Safety Improvements | - | 631,121 | 933,879 | - | 1,565,000 |
| CDBG ADA to be Allocated | - | - | 7,389 | - | 7,389 |
| <i>Storm Drain Carryforward Projects</i> | | | | | |
| <i>Gas Tax Carryforward Projects</i> | | | | | |
| Street Repair & Resurfacing | 2,260,887 | 457,692 | - | 500,000 | 3,218,579 |
| <i>Redevelopment Agency Projects</i> | | | | | |
| Santa Cruz/Wood Gateway Design | - | - | 65,000 | - | 65,000 |
| <i>Total of Carryforward Projects</i> | \$ 12,953,050 | \$ 1,949,287 | \$ 4,714,677 | \$ 1,849,200 | \$ 20,816,214 |

CAPITAL IMPROVEMENT PLAN

The following schedule summarizes the new Capital Improvement Projects for FY 2007/08. New projects are defined further in the following fund sections.

NEW CIP PROJECTS FY 2007/08

| | Est Exp Prior To FY 2006/07 | Expenditures During FY 2006/07 | Estimated Carryforward | New Funding FY 2007/08 | Total Budgeted |
|--|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>GFAR Projects</i> | | | | | |
| LG Creek Trail - Split Rail Repair | - | - | - | 30,000 | 30,000 |
| Neighborhood Ctr Kitchen Upgrade | - | - | - | 25,000 | 25,000 |
| Library Circulation Mgmnt Project | - | - | - | 115,000 | 115,000 |
| <i>Grants and Awards Projects</i> | | | | | |
| Rehabilitation of Hillside Streets | - | - | - | 272,170 | 272,170 |
| ADA Civic Center Upgrades | - | - | - | 41,500 | 41,500 |
| <i>Gas Tax Projects</i> | | | | | |
| Rehabilitation of Hillside Streets | - | - | - | 40,000 | 40,000 |
| <i>RDA Projects</i> | | | | | |
| Elm Street Reconstruction | - | - | 54,493 | 45,507 | 100,000 |
| Almond Grove Rehab Pilot Project | - | - | 80,000 | - | 80,000 |
| N. Santa Cruz Lighting | - | - | 55,000 | - | 55,000 |
| <i>Total of New Projects</i> | \$ - | \$ - | \$ 189,493 | \$ 569,177 | \$ 758,670 |

Capital Improvement Plan

GENERAL FUND APPROPRIATED RESERVES FUND 400

FUND PURPOSE

The General Fund Appropriated Reserve (GFAR) accounts for funds designated for use in the Town's ongoing program for the development of facilities and general infrastructure improvements. This includes basic needs such as street and parking lot repair and resurfacing, curbs, gutters, retaining walls, and maintenance of various other Town facilities. GFAR also provides for community improvements, such as Town beautification projects and traffic calming, and for foundational aspects of Town government such as technology projects and master planning work.

Revenues which support GFAR projects are derived from General Fund operational savings, from State revenues designated for transportation purposes, from intergovernmental cost sharing agreements on joint projects, and from Road Impact Fees. Designated revenues are accounted for in other CIP funds, and may be used in conjunction with GFAR funds in the development of capital projects.

BUDGET OVERVIEW

A significant source of funding to the Town's capital plan is General Fund operational savings. The recent economic slowdown had impacted the Town's General Fund to the extent that General Fund savings were minimal. As in past years, the Town continues to be challenged by the lack of a reliable revenue stream for capital improvements. Fortunately, because of prior year budget savings and increased revenues above budget estimate, the proposed FY 2007-12 CIP includes an annual transfer of \$525,000 from the General Fund for the Town's capital program in FY 2007/08, rising to \$650,000 annually in FY's 2008/09 thru 2011/12 if current projections hold true. This is a substantial increase from the FY2006/07 adopted CIP budget amount of \$150,000. This additional funding will be set aside for planning purposes from the General Fund's Capital and Special Projects Reserve ending fund balance, to be incorporated as a CIP funding source in future years. It is expected that future savings and revenue increases will continue to be obtained from under-expending the General Fund operating budget and from General Fund operating revenue surpluses.

Other sources are primarily one-time funds from State or Federal government or from special revenue funds that have often fluctuated in tandem with the economy and the state budget. Examples of one-time funds include State Proposition 1B Transportation Improvement funds and State Proposition 42 Gas Tax funds. This year, it is estimated that the Town will receive \$184,000 in Proposition 1B funds and \$150,000 in Proposition 42 funds.

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

Pursuant to Article III of Chapter 15 of the Town Code, the Town collects road impact fees in support of road construction and maintenance projects throughout the town. Article IX of Chapter 15 authorized the establishment of three special fund accounts known as Road Impact #1, Road Impact #2, and Road Impact #3. Beginning in FY 1998/99 these fees were deposited directly into GFAR for use in the Street Resurfacing Program. Total Road Impact Fees of \$103,240 are budgeted for FY 2007/08, consistent with prior year revenues and projected building trends.

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 Actuals | 2004/05 Actuals | 2005/06 Actuals | 2006/07 Adopted | 2006/07 Estimated | 2007/08 Adopted |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Designated for Parking | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 |
| Designated for Grants | - | - | - | - | - | - |
| Unrestricted | 4,212,609 | 2,030,601 | 1,840,638 | 1,860,123 | 1,860,123 | 1,832,073 |
| Total Beginning Fund Balance | 6,184,609 | 4,002,601 | 3,812,638 | 3,832,123 | 3,832,123 | 3,804,073 |
| Revenues (carryforward) | | | | | | 775,000 |
| Intergovernmental | 96,856 | - | 177,239 | 153,000 | 368,261 | 184,200 |
| Other Sources | 412,623 | 198,859 | 226,162 | 956,930 | 226,310 | 113,240 |
| Operating Transfers | 84,690 | 75,000 | 621,450 | 785,000 | 1,390,358 | 640,630 |
| Total Revenues | 594,170 | 273,859 | 1,024,851 | 1,894,930 | 1,984,929 | 1,713,070 |
| TOTAL SOURCE OF FUNDS | \$6,778,779 | \$4,276,460 | \$4,837,489 | \$5,727,053 | \$5,817,052 | \$5,517,143 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Operating Expenditures | - | - | - | - | - | - |
| Capital Projects - Carryfwd | - | - | - | - | - | 1,772,072 |
| Capital Projects - CY | 2,776,178 | 463,822 | 909,073 | 2,503,536 | 1,618,182 | 1,519,200 |
| Fixed Assets | - | - | 96,293 | 558,707 | 394,797 | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | 2,776,178 | 463,822 | 1,005,366 | 3,062,243 | 2,012,979 | 3,291,272 |
| Operating Transfers | | | | | | |
| Transfer to General Fund | - | - | - | - | - | - |
| Total Operating Transfers | - | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Designated for Parking | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 | 1,972,000 |
| Designated for Grants | - | - | - | - | - | - |
| Unrestricted | 2,030,601 | 1,840,638 | 1,860,123 | 692,810 | 1,832,073 | 253,871 |
| Total Ending Fund Balance | 4,002,601 | 3,812,638 | 3,832,123 | 2,664,810 | 3,804,073 | 2,225,871 |
| TOTAL USE OF FUNDS | \$6,778,779 | \$4,276,460 | \$4,837,489 | \$5,727,053 | \$5,817,052 | \$5,517,143 |

⌘ CAPITAL IMPROVEMENT PLAN ⌘
General Fund Appropriated Reserve

The following GFAR schedules identify projects completed in FY 2006/07, projects carried forward into FY 2007/08, and new FY 2007/08 projects, as part of the FY 2007-12 Capital Improvement Plan:

GENERAL FUND APPROPRIATED RESERVES (GFAR)
FY 2007/08

| | Est Exp Prior To FY 2006/07 | Expenditures During FY 2006/07 | Estimated Carryforward | New Funding FY 2007/08 | Total Budgeted |
|--|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>Completed Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 255,000 | - | - | 255,000 |
| Shannon Trail Construction | - | 59,000 | - | - | 59,000 |
| PD Computer Aided Dispatch | 96,293 | 33,707 | - | - | 130,000 |
| Telephone System Upgrade | - | 70,000 | - | - | 70,000 |
| Permits Tracking System Upgrade | - | 309,300 | - | - | 309,300 |
| Civic Center Leak Repairs | - | 113,732 | - | - | 113,732 |
| Blossom Hill Rd Sidewalk Imprv | - | 153,120 | - | - | 153,120 |
| N. Santa Cruz / Roberts Crosswalk | - | 18,840 | - | - | 18,840 |
| Balzar Field Facility Improvements | - | 13,826 | - | - | 13,826 |
| Knowles Ave Railroad Crossing | - | 22,700 | - | - | 22,700 |
| Oak Meadow Park - Retaining Wall | - | 11,500 | - | - | 11,500 |
| Tait Museum Roof Replacement | - | 75,000 | - | - | 75,000 |
| <i>Total of Completed Projects</i> | \$ 96,293 | \$ 1,135,725 | \$ - | \$ - | \$ 1,232,018 |
| <i>Carryforward Projects</i> | | | | | |
| Quito Rd - Bridge Replacement | 11,630 | 38,017 | 85,713 | - | 135,360 |
| Civic Center Master Plan | 253,445 | 54,005 | - | 100,000 | 407,450 |
| Town Infrastructure Needs | 205,760 | 15,000 | 24,240 | - | 245,000 |
| Traffic Calming Projects | 268,925 | 5,000 | 50,000 | 30,000 | 353,925 |
| Town Beautification Projects | 52,247 | 25,000 | 97,753 | - | 175,000 |
| Curb, Gutter, and Sidewalk Repairs | 1,345,068 | 143,553 | - | 200,000 | 1,688,621 |
| Street Repair & Resurfacing | 7,950,750 | - | - | 644,200 | 8,594,950 |
| Retaining Wall Repairs | 559,113 | 150,000 | 25,766 | 350,000 | 1,084,879 |
| Skateboard Park | - | 36,530 | 88,470 | - | 125,000 |
| Skateboard Park (Community Donations) | - | - | 775,000 | - | 775,000 |
| Roberts Rd - Bridge Replacement | 8,695 | 3,500 | 292,220 | - | 304,415 |
| Hwy 9 Safety Improvements | - | 35,000 | 169,000 | - | 204,000 |
| Information System Upgrade | - | 291,090 | 133,910 | - | 425,000 |
| Audio/Video System Upgrade | - | 52,000 | - | - | 52,000 |
| Annual Street Restriping | - | 28,559 | - | 25,000 | 53,559 |
| School Route Eval and Design | - | - | 30,000 | - | 30,000 |
| <i>Total of Carryforward Projects</i> | \$ 10,655,633 | \$ 877,254 | \$ 1,772,072 | \$ 1,349,200 | \$ 14,654,159 |
| <i>New Projects</i> | | | | | |
| LG Creek Trail - Split Rail Repair | - | - | - | 30,000 | 30,000 |
| Neighborhood Ctr Kitchen Upgrade | - | - | - | 25,000 | 25,000 |
| Library Circulation Mgmnt Project | - | - | - | 115,000 | 115,000 |
| <i>Total of New Projects</i> | \$ - | \$ - | \$ - | \$ 170,000 | \$ 170,000 |
| <i>GFAR Funding Project Totals</i> | \$ 10,751,926 | \$ 2,012,979 | \$ 1,772,072 | \$ 1,519,200 | \$ 16,056,177 |

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

GFAR PROJECTS COMPLETED DURING FY 2006/07

STREETS PROGRAM

Los Gatos Almaden Road Improvement Project – repaired and resurfaced the entire stretch of roadway for Los Gatos Almaden Road within the Town limits. This project was partially funded by GFAR.

Blossom Hill Road Sidewalk Improvements Project – installed a sidewalk, curb, gutter and bicycle lane on the south side of Blossom Hill Road, and a bicycle lane on a north side. Funding for this project was from General Funds.

Oak Meadow Park-Retaining Wall Project – replaced a failing retaining wall that supports the pathways leading from University Avenue into the lower section of Oak Meadow Park. Funding for this project was a combination of State Proposition 12 Park Bond grant funds and a Town match.

PARKS PROGRAM

Balzar Field Restroom Remodel and Expansion Project - renovated and expanded the existing restroom-storage-snack shack facility. The project was funded with a combination of State Proposition 12 Park Bond and Town matching funds.

Shannon Trail Construction Project – constructed a section of trail within a property where the Town has an easement. This trail will provide a future connection between new trails constructed as part of the Shannon Valley Ranch development and trails on Santa Rosa Drive. This project was funded by two sources: from community benefit contribution and from the Trail-in-Lieu fees.

Knowles Avenue Railroad Crossing Project – rehabilitated the asphalt roadway abutting the Union Pacific Railroad crossing on Knowles Drive. Staff successfully obtained authorization to repair this site from both Union Pacific and Santa Clara Valley Transportation Agency (VTA), and funding from the nearby Sobrato development project as a condition of their project approval to enable this project to be completed sooner.

N. Santa Cruz/ Roberts Road Crosswalk Improvements Project – installed curb medians to increase pedestrian safety at this high use crosswalk. This project was funded with a community benefit assessment from a nearby development project.

PUBLIC FACILITIES PROGRAM

Civic Center Leak Repair Project – repaired leaks in various places in the concrete deck serving as a roof over the lower floor of the Civic Center, and enlarged deck drains to prevent flooding of plaza level offices. This Project was funded by the Building Maintenance Fund.

Infrastructure Updates – upgraded three software systems during FY 2006/07 which included the *Computer Aided Dispatch System*, *Civic Center Telephone System* and the *Permit Tracking System*. The projects were funded by a transfer from Management Information Systems fund.

Tait Museum Roof Replacing Project – replaced the building's roof, which had begun to leak. This project was funded by Building Maintenance Funds.

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

FY 2007/08 KEY PROJECTS

The following Capital Improvement Plan projects funded with GFAR funding and/or donations which flow through the GFAR Fund are expected to be Key Projects in FY 2007/08:

STREETS PROGRAM

- ***Quito Bridge Replacement*** (400-0112) – This project funds the replacement of two functionally obsolete bridges that span San Tomas Aquino Creek along Quito Road. The project is a joint effort between the Town of Los Gatos, City of Saratoga, and the Santa Clara Valley Water District, with the City of Saratoga serving as the lead agency for the project. Eighty percent (80%) of the funding for the project is provided through the Federal Highway Bridge Replacement and Rehabilitation (HBRR) program, with the remaining 20% shared equally between the three participating local agencies. The City of Saratoga has faced a number of challenges and delays during the progression of this project, including unplanned reconstruction and additional right-of-way acquisitions. Once all the issues are addressed and the design is completed, the project will be ready for construction. The project budget will be adjusted accordingly and the City of Saratoga will pursue funding increases from CalTrans on this project.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- ***Traffic Calming*** (400-0208) – This project provides funding to develop and implement various traffic calming projects, conduct additional minor studies and traffic improvements in accordance with the Town's Traffic Calming Policy. As many of the priority projects are completed, and requests for traffic calming have reduced substantially, ongoing funding is being reduced for future years. The current two projects, Massol Avenue and Wraith Avenue, are in various project stages. During FY 2007/08, the completion of the Massol Avenue project is anticipated, and a new project, Vista del Monte neighborhood qualified for traffic calming and is anticipated to be initiated.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- ***Curb, Gutter, and Sidewalk*** (400-0349) – This project funds the annual repair and replacement of deficient curbs, gutters, and sidewalks throughout the Town. Locations for repair and replacement work are identified throughout the year by Parks and Public Works Department staff, and are prioritized in coordination with the annual Street Resurfacing Program, as applicable. Due to the priority placed by the Town Council on sidewalk repair, the allocation for this ongoing project has been increased from the previous \$50,000 per year to \$200,000 per year in FY 2007/08 and 2008/09 and \$150,000 per year thereafter. Council consideration for the implementation of a 50/50 cost sharing program with property owners to leverage the funding available for sidewalk repair may be brought forward at a later date.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

- ***Street Repair and Resurfacing*** (400-0352) – The Town's Street Resurfacing Program of preventative and deferred maintenance includes both carryforward funds and new appropriations. The work to be performed consists of a balanced program of surface seals, street reconstructions and pavement overlays, with supplemental ongoing maintenance activities performed by the Town's Park and Public Works department staff. Over the last five years, substantial progress was made towards improving the condition of the streets in Los Gatos, with nearly half of the streets receiving various resurfacing treatments. From this investment, the Pavement Condition Index (PCI) that was 64 in 2000 was raised up to 72 in 2005. Keeping the PCI at 72 would require approximately \$1.9 million dollars annually; however, Town funds are not available for this level of maintenance. Alternative financing options are being reviewed, and limited funding may be available from year end fund balance in future years.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- ***Retaining Wall Repair and Replacement*** (400-0406) – The retaining wall replacement program is an ongoing project to fund the repair or replacement of retaining walls that have become structurally deficient. Retaining walls both hold embankments and support roadways, and are an integral part of maintaining the hillside roadway system. A number of locations throughout the hillside roads in Town need replacement of retaining walls due to site specific conditions. A typical retaining wall of 100 feet costs nearly \$200,000 to build. The CIP includes funding to address approximately one retaining wall per year. The Cleland Ave retaining wall scheduled for FY 2007/08 would be a new wall, which has a higher cost (\$350,000) than a typical wall. Retaining wall assessments are proactive with work prioritized based on need; however ranking may change as need arises.

Operating Budget Impacts – Project oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- ***Roberts Road –Bridge Replacement*** (400-0568) – At the May 2, 2005 Town Council Meeting, Council decided to pursue Caltrans bridge funding to replace the existing bridge with a new structure. Replacement of the bridge is estimated to cost \$2.0 million to build a structure in compliance with Caltrans standards, provide proper placement of utility lines inside the structure, and increase the level of seismic protection. This project reflects a Caltrans grant of approximately \$1.7 million, assuming grant funding is obtained. In spring 2007, Caltrans approved phase one, \$258,507 in grant funds for the bridge design, with a \$33,493 local match for a total design cost of \$292,000. Once the design phase is completed, estimated by fall of 2008, the phase two construction grant application will be submitted, and at that time the construction estimate will reflect any cost increases and additional work that is currently unknown. The \$300,000 matching requirement is funded in GFAR.

Operating Budget Impacts – Street maintenance staff time to ensure the bridge is secured from vehicle traffic and engineering staff for project oversight is incorporated into the operating budget

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

- **Highway 9 Safety Improvements** (400-0614) – This highway safety project is a joint effort between Los Gatos, Monte Sereno, and Saratoga to increase safety for pedestrians and bicyclists along Highway 9 from Los Gatos to Saratoga through the construction of roadway safety enhancements. This project is funded by a \$1.5 million bicycle safety program grant from the Metropolitan Transportation Commission, and matching contributions from each of the three jurisdictions based upon the amount of highway and planned improvements. The Town of Los Gatos match is \$50,000. After the award of the grant to Monte Sereno, the Town of Los Gatos was assigned as the lead agency to manage the project. The design stage is anticipated to occur in the summer of 2007 through fall 2007, completing Phase One of the project. Phase Two, if pursued by each agency, would require additional funding to address pedestrian enhancements as identified in the Pedestrian Master Plan.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- **Annual Street Restriping** (400-0710) – This project is an annual program to restripe the highest priority streets with thermo-plastic striping to keep streets in safe condition for use by the public. Thermo-plastic striping is thicker, more durable, and has higher visibility than roadway paint, and in turn, improves roadway safety. Restriping work is typically done in conjunction with street paving projects; however this annual program is to provide funding for restriping outside of a paving project. Under this project, locations that are not scheduled for street repaving will be prioritized for restriping. Beginning with FY 2007/08, the ongoing, annual GFAR appropriation will be \$25,000.

Operating Budget Impacts – Street maintenance staff time for project oversight is incorporated into the department's operating FY2007/08 budget workplan.

- **School Route & Evaluation** (400-0711) – This project will evaluate the pedestrian access around Fisher and Van Meter schools and prepare a concept design which will be used in the future for design and construction of pedestrian facilities to these school sites. The proper evaluation of proposed projects will assist in determining sidewalk construction needs and pedestrian access and safety issues.

Operating Budget Impacts – This project does not have a short term impact on the ongoing operating budget. In the long term, engineering staff time for project design and oversight, and street maintenance staff time for the maintenance of the sidewalks will need to be accounted for in the operating budget.

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

PARKS PROGRAM

- **Skateboard Park** (400-0412) – This project funds the design and construction of a 12,300 square foot skateboard park at the 41 Miles Avenue site to promote youth and family skateboarding activities. Currently, the project is funded with \$225,000 of State Bond Grants, and will need a community matching grant of \$775,000. Community fundraising efforts are underway. Designated GFAR funding of \$125,000 has been set aside to fund preliminary expenses already completed if the project fails to meet the project completion timeline required for reimbursement under the State Bond Grant.

Operating Budget Impacts – Engineering staff time for project oversight is incorporated into the department's operating budget workplan.

- **Trail Construction – Los Gatos Creek Trail** (400-0860) – This project will construct a section of trail within a property as part of an overall trail system. This project will replace the split rail fencing along several sections of the Los Gatos Creek Trail pathway that was removed over the past several years due to rot and deterioration. GFAR capital improvement funds (\$30,000) are budgeted for this project in FY2007/08.

Operating Budget Impacts –Engineering staff time for the design of this project, and Parks Maintenance staff time for project oversight and construction is incorporated into the department's FY 2007/08 budget workplans.

PUBLIC FACILITIES

- **Civic Center Master Plan** (400-0202) – On April 25, 2002, the Town Council approved an agreement to begin the process to develop a Civic Center /Library Master Plan. The project entailed a three-phased approach: a Service Assessment; an Operational and Space Program; and Site Options and Master Plan Concepts. The scope of work included cost models, financing and funding strategies, and a phasing plan. In its entirety, the Master Plan identified the services needs of the community and sets forth operational and physical models for accommodating service needs. The Master Plan does not include architectural design. The Town Council approved the final Civic Master Plan in June 2007. The \$100,000 allocation in FY2007/08 is in anticipation of the next steps required to implement the Master Plan, potentially including community outreach, polling of voters, and the initiation of the schematic design phase. Additional resources may be needed depending on the scope of the next steps. The Civic Center Master Plan carryforward project is funded in the GFAR Fund.

Operating Budget Impacts – Preparation and project oversight by the Town Manager and management staff is incorporated into the FY 2007/08 operating budget workplan.

- **Town Infrastructure Needs** (400-0207) – This project funds an initial “needs assessment” of the Town's infrastructure. The priority areas of focus will be on the Town's fleet management program, signs, trees, buildings, parks and underground storm drainage system. The purpose of the needs assessment is to prioritize future capital planning and programming investments and identify capital financing strategies. The needs assessment also assists the Town in meeting GASB 34 accounting and

reporting requirements. The first phase of the Town-Wide Asset Management project began phase of in April, 2005. This work included the installation of systems software for Vehicle Fleets, Work Orders, Request Calls, Street Lights, and Traffic Signals.

Operating Budget Impacts – Staff time for ongoing data input is required to be incorporated into future years operating budgets. The purchase of additional modules and an asset inventory will require additional funds and will be evaluated during FY 2007/08.

- ***Town Beautification Improvements*** (400-0223) – This project funds Town-wide beautification projects on an as-needed basis. Past projects include a banner program along major arterial roadways, trash receptacle improvements, lighting upgrades for the holiday tree, and flower bulbs for downtown street planters. Future planned projects include landscape irrigation upgrades to street medians and roadside banks to both improve irrigation and eliminate water runoff. FY 2007/08 projects are planned to include banner replacements for the existing arterial banners and outdoor furniture for the Civic Center fountain area. The CIP had been allocating \$25,000 of GFAR funds per year to this ongoing program. An annual funding appropriation is only programmed for FY 2009/10 to provide funding for the anticipated replacement of banners.

Operating Budget Impacts – Project oversight is incorporated into the Parks and Public Works department FY 2007/08 budget workplan.

- ***Information System Upgrade*** (400-0701) – This project upgrades the Town's financial and human resources information system. The current information system is outdated and increasingly incompatible with newer technological systems. The Pentamation software firm will no longer be supporting this aged system in the next year, which further endangers its liability. The new version of Pentamation allows for functional and operational improvements, database integration, and flexibility. Replacement funding was accumulated over the life of the existing system in the MIS fund. In January, 2006, Council authorized a \$400,000 transfer from MIS to GFAR to fund the purchase and implementation of the new system. Implementation of this project will require significant internal resources and involve software configuration, testing, end user training, data conversion, and post implementation support. It is expected that the project will resume by fall 2007 with an anticipated completion date of summer 2008.

Operating Budget Impacts – Finance & Management Information System (MIS) staff time for oversight of this project is incorporated into the department's operating budget workplan.

∞ CAPITAL IMPROVEMENT PLAN ∞
General Fund Appropriated Reserve

- ***Audio/Video System Upgrade*** (400-0707) – This project provides for the replacement and/or upgrade of Council Chamber video, audio/visual, and other applicable equipment used for televised and non-televised public meetings. The current system will be five years old in FY 2007/08, which is considered the average life span for most electronic equipment. A portion of this project is to enhance the current system with operational improvements; the remaining funding provides replacement of current equipment. To ensure efficient meeting management and presentation equipment, and a quality viewing product, the Town must remain technologically up-to-date. Although this project is still being scoped and analyzed, it is anticipated that existing video and presentation equipment would be assessed for quality, functionality, and reliability and replaced or upgraded if necessary during FY 2008/09. This Audi/Video System Upgrade project is funded in the GFAR Fund.

Operating Budget Impacts – There are currently no proposed ongoing operational costs associated with this project. However, as the Town's technological needs change, future one-time and/or ongoing costs for additional equipment or system enhancements may be required. Staff oversight of this project will be included in the FY 2008/09 Operating Budget.

- ***Library Circulation Management Project*** (400-0880) – This project will upgrade and enhance the Library's self-check system. The existing Library self-check system frequently fails during use, sometimes resulting in long lines of patrons waiting to check items out. In the FY 2006/07 staff initiated an evaluation of alternatives to replace and/or upgrade the self-check system. This Library Upgrade project is funded in the GFAR Fund with funding Equipment Replacement, MIS and GFAR. The \$115,000 allocation for FY 2007/08 is a placeholder pending a detailed cost/benefit analysis. This figure may need revision once a suitable alternative is identified and the specifics of which will be brought back to Council in FY 2007/08.

Operating Budget Impacts – Staff estimates that the optimum system will add approximately 15%-20% of capital costs to ongoing operational costs. As the Town's technological needs change future one-time and/or ongoing costs for additional equipment or system enhancements may need to be programmed. The FY 2008/09 Operating Budget will reflect staff oversight of this project.

- ***Neighborhood Center Kitchen Upgrades*** (400-0875) – This project will repair or replace the Neighborhood Center kitchen sink, counters, cabinets and dishwasher. The Neighborhood Center's existing kitchen is used almost daily for a variety of activities, and the equipment and cabinets have become aged and worn due to heavy use. Additionally, the facility doesn't meet standards for a commercial kitchen. Funding for the kitchen upgrade project comes from a fund balance transfer from the Building Maintenance Fund.

Operating Budget Updates – Facility Maintenance staff time for project oversight will be incorporated into the FY 2007/08 operating budget.

Capital Improvement Plan

TRAFFIC MITIGATION FUND FUND 405

FUND PURPOSE

Pursuant to Article VII of Chapter 15 of the Town Code, the Town collects traffic impact mitigation fees to finance transportation and traffic improvements throughout the Town. Article IV of Chapter 15 authorizes the establishment of a fund into which all such fees and interest on those fees is deposited. The first traffic mitigation fees were collected on October 24, 1991. Money collected from such fees is to be used solely for construction of identified traffic and transportation projects to mitigate the traffic impacts of new development, and are not used for routine repairs and maintenance.

BUDGET OVERVIEW

Funds collected as Traffic Mitigation fees are recorded as deferred revenue until the time of use for appropriated projects. The administration fees collected as a percentage of this revenue are realized at the time of receipt to recognize the Town's ongoing administrative functions in providing program oversight. Appropriations of Traffic Mitigation funds are controlled through Town Council action, after evaluating the benefits gained by proposed projects for their positive impacts on traffic.

For several years, the Town has allowed fund balances to accrue to accumulate funding for future traffic mitigation projects. No projects are scheduled for development in FY 2007/08 however; several projects planned for upcoming years are in the preliminary planning stage. This includes the redesign and construction of the following intersections to correct the heavily traveled and congested roadway junctions in order to improve safety features and accommodate proper vehicular movement:

- Highway 9 / University Avenue Intersection
- Winchester Blvd / Lark intersection
- Winchester Blvd / Knowles Intersection
- Los Gatos Blvd / Lark Avenue Intersection

Staff will continue to review the purpose of the Traffic Mitigation Fund to identify additional opportunities for funding traffic-related projects in future CIP budgets.

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Traffic Mitigation Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2006/07 | 2007/08 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actuals | Actuals | Actuals | Adopted | Estimated | Adopted |
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Deferred Revenue | 2,322,415 | 2,322,415 | 2,677,131 | 2,986,161 | 2,986,161 | 3,083,688 |
| Unrestricted | 102,070 | 40,704 | 45,132 | 20,051 | 20,051 | 120,051 |
| Total Beginning Fund Balance | 2,424,485 | 2,363,119 | 2,722,263 | 3,006,212 | 3,006,212 | 3,203,739 |
| Revenues | | | | | | |
| Interest Income | - | - | - | - | - | - |
| Other Sources | - | 70,000 | 180,000 | 275,000 | 50,000 | 50,000 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | - | 70,000 | 180,000 | 275,000 | 50,000 | 50,000 |
| TOTAL SOURCE OF FUNDS | \$2,424,485 | \$2,433,119 | \$2,902,263 | \$3,281,212 | \$3,056,212 | \$3,253,739 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Operating Expenditures | - | - | - | - | - | - |
| Capital Projects - Carryfwd | - | - | - | - | - | - |
| Capital Projects - CY | - | - | - | - | - | - |
| Fixed Assets | - | - | - | - | - | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Operating Transfers | | | | | | |
| Transfer to General Fund | 61,366 | 65,572 | 205,081 | 40,430 | (50,000) | 50,000 |
| Transfer to GFAR | - | - | - | - | - | - |
| Total Operating Transfers | 61,366 | 65,572 | 205,081 | 40,430 | (50,000) | 50,000 |
| Ending Fund Balance | | | | | | |
| Deferred Revenue | 2,322,415 | 2,677,131 | 2,986,161 | 3,023,688 | 3,083,688 | 3,143,688 |
| Unrestricted | 40,704 | 45,132 | 20,051 | 254,621 | 120,051 | 120,051 |
| Total Ending Fund Balance | 2,363,119 | 2,722,263 | 3,006,212 | 3,278,309 | 3,203,739 | 3,263,739 |
| TOTAL USE OF FUNDS | \$2,424,485 | \$2,787,835 | \$3,211,293 | \$3,318,739 | \$3,153,739 | \$3,313,739 |

Capital Improvement Plan

GRANT AND AWARDS PROJECT FUND FUND 410

FUND PURPOSE

The Grants and Awards Project Fund is typically comprised of projects funded by the Federal Housing and Urban Development Community Development Block Grants (CDBG), the Department of Transportation Seismic Safety Retrofit Program, Transportation Development Act (TDA) Article 3 Funds, Proposition 12 Funding (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act), and Safe Route to School Grants. Additional grants and awards may also be a funding source utilized in this fund. The expenditures in this fund are restricted to identified projects solely funded by grants.

BUDGET OVERVIEW

For FY 2007/08, there are five grant funded carryforward projects and two new projects. One of the five carryforward projects is a funding placeholder project (CDBG/ADA funds), meaning there are four actual projects continuing in process. Ten grant and award funded projects were completed during FY 2006/07.

Grant and Award CIP projects receive funding from a variety of sources. With the approval of State of California's Proposition 12 (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act of 2000) and Proposition 40 (Roberti-Z' Berg-Harris Grant Program) two major funding sources became available for a variety of park-related improvement projects. Additional project funding will come from the State Urban Parks and Healthy Communities Program and Monte Sereno for the Skate Board Park project, from VTA and TDA funds for a College Avenue walkway, and from the Surface Transportation Program (STP) to resurface designated arterial and collector streets.

8 CAPITAL IMPROVEMENT PLAN 8
Grant and Awards Project Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2006/07 | 2007/08 |
|-------------------------------|-------------------|-------------------|-------------------|--------------------|--------------------|--------------------|
| | Actuals | Actuals | Actuals | Adopted | Estimated | Adopted |
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | (88,240) | 35,403 | (4,024) | (46,127) | (46,127) | (450) |
| Total Beginning Fund Balance | (88,240) | 35,403 | (4,024) | (46,127) | (46,127) | (450) |
| Prior Year Grant Carryforward | | | | | | 2,860,904 |
| Current Year Revenues | | | | | | |
| Intergovernmental - CY | 537,497 | 243,813 | 89,345 | 4,486,873 | 1,593,290 | 272,170 |
| Other Sources | | | | | | |
| Operating Transfers | 50,600 | 62,770 | 93,959 | 52,389 | 52,389 | 41,500 |
| Total Revenues | 588,097 | 306,583 | 183,304 | 4,539,262 | 1,645,679 | 3,174,574 |
| TOTAL SOURCE OF FUNDS | \$ 499,857 | \$ 341,986 | \$ 179,280 | \$4,493,135 | \$1,599,552 | \$3,174,124 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | 24,031 | 27,781 | 8,721 | - | 955 | - |
| Capital Projects - Carryfwd | | | | | | 2,860,904 |
| Capital Projects - CY | 373,271 | 316,860 | 180,156 | 4,493,586 | 1,599,047 | 313,670 |
| Internal Service Charges | 6,397 | 1,369 | - | - | - | - |
| Total Expenditures | 403,699 | 346,010 | 188,877 | 4,493,586 | 1,600,002 | 3,174,574 |
| Operating Transfers | | | | | | |
| Transfer to General Fund | 60,755 | - | - | - | - | - |
| Total Operating Transfers | 60,755 | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Designated for Parking | - | - | - | - | - | - |
| Unrestricted | 35,403 | (4,024) | (9,597) | (451) | (450) | (450) |
| Total Ending Fund Balance | 35,403 | (4,024) | (9,597) | (451) | (450) | (450) |
| TOTAL USE OF FUNDS | \$ 499,857 | \$ 341,986 | \$ 179,280 | \$4,493,135 | \$1,599,552 | \$3,174,124 |

∞ CAPITAL IMPROVEMENT PLAN ∞
Grant and Awards Project Fund

The following schedule summarizes and categorizes Grant and Award CIP Projects as completed, carryforward, and new projects:

GRANTS & AWARDS CIP PROJECTS
FY 2007/08

| | Est Exp Prior To FY 2006/07 | Expenditures During FY 2006/07 | Estimated Carryforward | New Funding FY 2007/08 | Total Budgeted |
|--|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>Completed Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | 9,146 | 384,068 | - | - | 393,214 |
| CDBG ADA to be Allocated | - | - | 7,389 | - | 7,389 |
| College Ave Walkway Repairs | - | 53,882 | - | - | 53,882 |
| Balzar Field Facility Improvements | - | 141,174 | - | - | 141,174 |
| Recreation Bldg ADA Restrooms | - | 45,000 | - | - | 45,000 |
| Belgatos Parking Lot Resurf | - | 95,000 | - | - | 95,000 |
| Blossom Hill Park Pathway | - | 85,000 | - | - | 85,000 |
| Live Oak Manor Park Imprv | - | 38,000 | - | - | 38,000 |
| LG Creek Trail - Pathway Resurf | - | 55,000 | - | - | 55,000 |
| Oak Meadow Restroom Repairs | - | 30,688 | - | - | 30,688 |
| Oak Meadow Park - Retaining Wall | - | 50,460 | - | - | 50,460 |
| <i>Total of Completed Projects</i> | \$ 9,146 | \$ 978,272 | \$ 7,389 | \$ - | \$ 994,807 |
| <i>Carryforward Projects</i> | | | | | |
| Park Grant Funds to be Allocated | - | - | 62,487 | - | 62,487 |
| Skateboard Park | 36,530 | (36,530) | 100,000 | - | 100,000 |
| Bachman Park Irrigation Upgrades | - | 5,000 | 95,000 | - | 100,000 |
| Roberts Rd Bridge Replacement | - | 14,750 | 1,678,850 | - | 1,693,600 |
| Hwy 9 Safety Improvements | - | 631,121 | 933,879 | - | 1,565,000 |
| <i>Total of Carryforward Projects</i> | \$ 36,530 | \$ 614,341 | \$ 2,870,216 | \$ - | \$ 3,521,087 |
| <i>New Projects</i> | | | | | |
| Rehabilitation of Hillside Streets | - | - | - | 272,170 | 272,170 |
| ADA Civic Center Upgrades | - | - | - | 41,500 | 41,500 |
| <i>Total of New Projects</i> | \$ - | \$ - | \$ - | \$ 313,670 | \$ 313,670 |
| <i>Grant and Awards Project Totals:</i> | \$ 45,676 | \$ 1,592,613 | \$ 2,877,605 | \$ 313,670 | \$ 4,829,564 |

∞ CAPITAL IMPROVEMENT PLAN ∞
Grant and Awards Project Fund

COMPLETED PROJECTS DURING FY2006/07

STREETS PROGRAM

Los Gatos Almaden Road Improvement Project – repaired and resurfaced the entire stretch of roadway for Los Gatos Almaden Road within the Town limits. This project was partially funded by STP grant.

College Ave Pathway Improvement Project - removed and repaired 1500 feet of pathway and fencing on College Ave. The project was funded with TDA-Article-3 funds.

Oak Meadow Park-Retaining Wall Project – replaced a failing retaining wall that supports the pathways leading from University Avenue into the lower section of Oak Meadow Park. Funding for this project was a combination of State Proposition 12 park Bond grant funds and a Town match.

PARKS PROGRAM

Belgatos Park Pathway & Parking Lot Resurfacing Project – repaired and resurfaced the existing park parking lot and adjacent pathway. Funding for this project is from State Proposition 12 Park Bond grant funds.

Balzer Field Restroom Remodel and Expansion Project - renovated and expanded the existing restroom-storage-snack shack facility. The project was funded with a combination of State Proposition 12 Park Bond and Town matching funds.

Blossom Hill Park Pathway Project – repaired and resurfaced the existing pathways which had become deteriorated due to a combination of heavy truck use and deferred maintenance. Funding for this project is from State proposition 12 Park Bond grant funds.

Live Oak Manor Park Improvement Project – improved several existing amenities within Live Oak Manor Park, including the replacement of lighting, replacement of a gazebo roof over an existing picnic area and additional benches. Funding for this project is from State Proposition 40 Park Bond grant funds.

Los Gatos Creek Trail Pathway Resurfacing Project – repaired and resurfaced the existing asphalt pathway adjacent to Los Gatos Creek. Funding for this project is from State Proposition 12 and 40 Park Bond grant funds.

PUBLIC FACILITIES PROGRAM

Oak Meadow Restroom Repairs Project – renovated the Oak Meadow park restroom facility. Funding for this project is from State Proposition 12 Park Bond grant funds.

Recreation Building ADA Restrooms Project – remodeled, expanded and upgraded two restrooms in the Town-owned building occupied by the Los Gatos Saratoga Recreation Department. Funding for this project was from Community Development Block Grant (CDBG), Federal Americans with Disabilities (ADA) funds.

∞ CAPITAL IMPROVEMENT PLAN ∞
Grant and Awards Project Fund

FY 2007/08 KEY PROJECTS

The following Capital Improvement Plan projects are funded with grant funding and are expected to be Key Projects in FY 2007/08:

STREETS PROGRAM

Roberts Road Bridge Improvements (400-0568) – At the May 2, 2005 Town Council Meeting, Council decided to pursue Caltrans bridge funding to replace the existing bridge with a new structure. Replacement of the bridge is estimated to cost \$2.0 million to build a structure in compliance with Caltrans standards, provide proper placement of utility lines inside the structure, and increase the level of seismic protection. This project reflects a Caltrans grant of approximately \$1.7 million, assuming grant funding is obtained. In spring 2007, Caltrans approved phase one, \$258,507 in grant funds for the bridge design, with a \$33,493 local match for a total design cost of \$292,000. Once the design phase is completed, estimated by fall of 2008, the phase two construction grant application will be submitted, and at that time the construction estimate will reflect any cost increases and additional work that is currently unknown. The \$300,000 matching requirement is funded in GFAR.

- ***Highway 9 Safety Improvements*** (400-0614) – This highway safety project is a joint effort between Los Gatos, Monte Sereno, and Saratoga to increase safety for pedestrians and bicyclists along Highway 9 from Los Gatos to Saratoga through the construction of roadway safety enhancements. This project is to be funded with a \$1.5 million bicycle safety program grant from the Metropolitan Transportation Commission, and matching contributions from each of the three jurisdictions based upon the amount of highway and planned improvements. The Town of Los Gatos match is \$50,000. After the award of the grant to Monte Sereno, the Town of Los Gatos was assigned as the lead agency to manage the project. The design stage is anticipated to occur in the summer of 2007 through fall 2007, completing Phase One of this project. Phase Two, if pursued by each agency, would require additional funding to address pedestrian enhancements as identified in the Pedestrian Master Plan.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

- ***ADA Sidewalk Ramps*** (410-0714) - This project utilizes Community Development Block Grant (CDBG) American with Disabilities Act funding to modify existing sidewalks and medians that prohibit handicap access around Town, to allow wheelchair and other wheel based equipment proper access to street and sidewalk.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.

∞ CAPITAL IMPROVEMENT PLAN ∞

Grant and Awards Project Fund

PARKS PROGRAM

- **Park Grant Funds** (410-0340) – With the approval of State of California Proposition 12 (Safe Neighborhood Parks, Clean Water, Clean Air, and Coastal Protection Bond Act) and Proposition 40 (Roberti-Z' Berg-Harris Grant Program) grant monies, the Town is eligible to receive funding for use in a variety of park-related improvement projects. Qualified project costs include acquisition, development, improvement rehabilitation, restoration, enhancement and the development of interpretive facilities of local parks and recreational lands and facilities. All proposed projects require a project application to the State Parks Department, which reviews and approves or denies the application. The deadline for completion and final documentation of grant-funded projects is March 1, 2008.

Operating Budget Impacts – Parks and Public Works staff time for administrative oversight of these grants is included in the department's operating budget.

- **Skateboard Park Allocation** (410-0412) – The estimated total cost of a Skate Park is \$1 million, with \$775,000 in direct construction costs and \$225,000 in other project-related costs. The Town has approved the location of the site, the park's preliminary design, and a contribution of \$125,000 from the Per Capita Grant Funds. The City of Monte Sereno is contributing another \$100,000 from their Per Capita Grant Funds. A community fundraising committee is attempting to raise the \$775,000 of additional funds. Approximately \$44,000 has already been expended for a feasibility study, CEQA review, and the preliminary design, to be reimbursed with State bond grant funds if the project is completed within the required deadlines. Designated GFAR funding of \$12,000 has been set aside to fund preliminary expenses already completed if the project fails to meet the project completion timeline required for reimbursement under the State Bond Grant.

Operating Budget Impacts – Funds for ongoing operating costs of a skateboard park will be determined and included in the operating budget when the skateboard park project is funded.

- **Bachman Park Irrigation System** (410-0607) – Bachman Park is a hillside residential park with large grass areas and an inefficient watering system. Irregular slopes, shading, and lawn shapes leave areas either wet or unusable, or too dry causing the lawn to die. Utilizing \$100,000 of Proposition 12 and 40 Park Grant funding, this project will upgrade the irrigation system with computerized, adjustable, sprinkler heads that water according to need for various lawn settings, as well as reducing water use.

Operating Budget Impacts – Parks Maintenance staff time for project oversight and construction is incorporated into the department FY 2007/08 operating budget workplan.

PUBLIC FACILITIES PROGRAM

- **ADA Civic Center Update** (410-0872) – This project will upgrade the Library elevator and several doors at the Civic Center bring them to ADA standards to provide better access for disabled individuals. Funding for this ADA upgrade project comes from ADA funding via CDBG.

Operating Budget Impacts – Facility Maintenance staff time for project oversight will be incorporated into the FY 2007/08 budget workplan.

Capital Improvement Plan

STORM DRAIN FUNDS FUNDS 461, 462, 463

FUND PURPOSE

The Town's three Storm Drain funds are designated for support of the storm drain systems that carries surface runoff water off of the Town's streets and routes it into curbside catch basins. From there, runoff enters an underground pipe system that ultimately flows to the San Francisco Bay. These Storm Drain funds construct and maintain the Town's facilities which collect and transport the surface runoff water.

Storm Drain revenues are a designated portion of the fees collected from private development planning permit fees. Town Code Section 24.60.010 et. sec. requires fees to be paid in conjunction with development in specified local drainage areas. Fees collected are placed in one of the funds known as Storm Drain Basin #1 (Fund 461) which encompasses the eastern portion of Los Gatos Town limits, Storm Drain Basin #2 (Fund 462) which encompasses a central corridor through the Town, and Storm Drain Basin #3 (Fund 463) which encompasses the Town's West side. The use of these funds is restricted to the construction of drainage facilities located in the prescribed areas.

BUDGET OVERVIEW

The use of these fees is controlled through Town Council action, and the benefit of each project is evaluated for impacts on a prescribed local drainage area. Expenditures from storm drain fees are limited to new construction only, not repair or maintenance work. Five projects completed in FY 2006/07:

- The Wedgewood Avenue project scope was decreased with the denial of the VTA Grant funding, however the Storm Drain funding was carried forward to install a storm drain system into this roadway to improve pedestrian, bicyclist, and motorist safety.
- N. Santa Cruz Avenue/Roberts Crosswalk Improvements project installed curb bulb-outs and improved signage to increase pedestrian safety and visibility, which necessitated adding a storm drainage inlet near the bulb-outs for water runoff.
- The Los Gatos Almaden Road resurfacing project improved the storm drain system.
- The Johnson Avenue Storm Drain Project relocated a storm drain that was on private property to accommodate property development, and the E. Main Street Storm Drain project improved a section of a 100 year-old storm drain that failed in winter 2007.

No storm drain fees projects are appropriated for FY 2007/08.

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Storm Drain Fund - 461

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 Actuals | 2004/05 Actuals | 2005/06 Actuals | 2006/07 Adopted | 2006/07 Estimated | 2007/08 Adopted |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | 380,371 | 324,241 | 440,188 | 270,491 | 270,491 | 160,491 |
| Total Beginning Fund Balance | 380,371 | 324,241 | 440,188 | 270,491 | 270,491 | 160,491 |
| Revenues | | | | | | |
| Miscellaneous Other Taxes | 42,275 | 127,357 | 38,663 | 52,000 | 45,000 | 45,000 |
| Interest Income | 8,320 | 8,790 | 6,640 | 7,000 | 10,000 | 11,020 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | 50,595 | 136,147 | 45,303 | 59,000 | 55,000 | 56,020 |
| TOTAL SOURCE OF FUNDS | \$ 430,966 | \$ 460,388 | \$ 485,491 | \$ 329,491 | \$ 325,491 | \$ 216,511 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Capital Projects - Carryfwd | - | - | - | - | - | - |
| Capital Projects - CY | 106,725 | 20,200 | 215,000 | 50,000 | 165,000 | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | 106,725 | 20,200 | 215,000 | 50,000 | 165,000 | - |
| Operating Transfers | | | | | | |
| Transfer to General Fund | - | - | - | - | - | - |
| Total Operating Transfers | - | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Unrestricted | 324,241 | 440,188 | 270,491 | 279,491 | 160,491 | 216,511 |
| Total Ending Fund Balance | 324,241 | 440,188 | 270,491 | 279,491 | 160,491 | 216,511 |
| TOTAL USE OF FUNDS | \$ 430,966 | \$ 460,388 | \$ 485,491 | \$ 329,491 | \$ 325,491 | \$ 216,511 |

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Storm Drain Fund - 462

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 Actuals | 2004/05 Actuals | 2005/06 Actuals | 2006/07 Adopted | 2006/07 Estimated | 2007/08 Adopted |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | 240,845 | 289,312 | 498,008 | 307,195 | 307,195 | 363,045 |
| Total Beginning Fund Balance | 240,845 | 289,312 | 498,008 | 307,195 | 307,195 | 363,045 |
| Revenues | | | | | | |
| Miscellaneous Other Taxes | 42,377 | 200,106 | 194,467 | 45,000 | 60,000 | 45,000 |
| Interest Income | 6,090 | 8,590 | 14,720 | 7,400 | 10,000 | 14,520 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | 48,467 | 208,696 | 209,187 | 52,400 | 70,000 | 59,520 |
| TOTAL SOURCE OF FUNDS | \$ 289,312 | \$ 498,008 | \$ 707,195 | \$ 359,595 | \$ 377,195 | \$ 422,565 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Capital Projects - Carryfwd | - | - | - | - | - | - |
| Capital Projects - CY | - | - | 400,000 | - | 14,150 | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | - | - | 400,000 | - | 14,150 | - |
| Operating Transfers | | | | | | |
| Transfer to General Fund | - | - | - | - | - | - |
| Total Operating Transfers | - | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Unrestricted | 289,312 | 498,008 | 307,195 | 359,595 | 363,045 | 422,565 |
| Total Ending Fund Balance | 289,312 | 498,008 | 307,195 | 359,595 | 363,045 | 422,565 |
| TOTAL USE OF FUNDS | \$ 289,312 | \$ 498,008 | \$ 707,195 | \$ 359,595 | \$ 377,195 | \$ 422,565 |

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Storm Drain Fund - 463

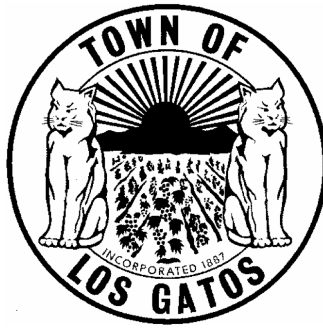
STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2006/07 | 2007/08 |
|------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | Actuals | Actuals | Actuals | Adopted | Estimated | Adopted |
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | 141,539 | 166,760 | 200,675 | 225,754 | 225,754 | (26,860) |
| Total Beginning Fund Balance | 141,539 | 166,760 | 200,675 | 225,754 | 225,754 | (26,860) |
| Revenues | | | | | | |
| Miscellaneous Other Taxes | 21,791 | 29,465 | 26,715 | 15,000 | 5,000 | 15,000 |
| Interest Income | 3,430 | 4,450 | 5,750 | 4,400 | 10,000 | 1,930 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | 25,221 | 33,915 | 32,465 | 19,400 | 15,000 | 16,930 |
| TOTAL SOURCE OF FUNDS | \$ 166,760 | \$ 200,675 | \$ 233,140 | \$ 245,154 | \$ 240,754 | \$ (9,930) |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Capital Projects - Carryfwd | | | | | | - |
| Capital Projects - CY | - | - | 7,386 | 192,614 | 267,614 | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | - | - | 7,386 | 192,614 | 267,614 | - |
| Operating Transfers | | | | | | |
| Transfer to General Fund | - | - | - | - | - | - |
| Total Operating Transfers | - | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Unrestricted | 166,760 | 200,675 | 225,754 | 52,540 | (26,860) | (9,930) |
| Total Ending Fund Balance | 166,760 | 200,675 | 225,754 | 52,540 | (26,860) | (9,930) |
| TOTAL USE OF FUNDS | \$ 166,760 | \$ 200,675 | \$ 233,140 | \$ 245,154 | \$ 240,754 | \$ (9,930) |

∞ CAPITAL IMPROVEMENT PLAN ∞
Storm Drain Funds

STORM DRAIN CIP PROJECTS
FY 2007/08

| | Est Exp Prior To FY 2006/07 | Expenditures During FY 2006/07 | Estimated Carryforward | New Funding FY 2007/08 | Total Budgeted |
|---|--|---|-----------------------------------|---------------------------------------|---------------------------|
| <i>Completed Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 50,000 | - | - | 50,000 |
| Wedgewood Ave Street Imprv | 7,386 | 267,614 | - | - | 275,000 |
| N. Santa Cruz / Roberts Crosswalk | - | 14,150 | - | - | 14,150 |
| Johnson Ave Storm Drain | - | 40,000 | - | - | 40,000 |
| E Main Street Storm Drain | - | 75,000 | - | - | 75,000 |
| <i>Total of Completed Projects</i> | \$ 7,386 | \$ 446,764 | \$ - | \$ - | \$ 454,150 |
| <i>Storm Drain Project Totals:</i> | \$ 7,386 | \$ 446,764 | \$ - | \$ - | \$ 454,150 |



Capital Improvement Plan

UTILITY UNDERGROUND FUND 474

FUND PURPOSE

This fund accounts for the resources generated and utilized for placing overhead utility lines underground in the effort to improve power reliability, reduce utility maintenance costs, and remove unsightly poles and lines.

The Utility Underground Fund generates revenue through a construction tax placed on building permits. The tax is imposed upon the construction of any building, portion of a building, or mobile home lot. Construction by definition means either new construction or enlargement. The underground utility tax imposed is a fixed rate per square foot, currently set at \$.18 for each square foot of building addition or alteration. The proceeds of the tax are limited to the conversion of existing overhead utility lines to underground lines.

Utility Underground projects may also be funded by Pacific Gas and Electric Company's (PG&E) Rule 20A funds. Projects which will eliminate a heavy concentration of overhead electric lines in areas used extensively by the general public are nominated by the Town to PG&E. Approved projects are then funded through the Town's allocation of Rule 20A funds, which are electric tariffs accumulated by PG&E as a percentage of electric bills. The Town's allocation typically is in the range of \$150,000 annually.

BUDGET OVERVIEW

The use of Utility Underground Fund fees is controlled through Town Council action, after the benefit of each project is evaluated to ensure appropriate application of the fees to eligible projects. Projects have not been scheduled in recent years which have allowed the fund to accumulate funding for future Utility Underground projects. The Highway 9 / Utility Underground project is currently being planned for development in conjunction with GFAR and the Traffic Mitigation Funds, however development activity is not scheduled to begin until FY 2009/10, therefore the project is not included in the FY 200708 budget document.

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Utility Underground Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 | 2004/05 | 2005/06 | 2006/07 | 2006/07 | 2007/08 |
|------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Actuals | Actuals | Actuals | Adopted | Estimated | Adopted |
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | 1,769,684 | 1,873,570 | 1,973,183 | 2,115,596 | 2,115,596 | 2,255,596 |
| Total Beginning Fund Balance | 1,769,684 | 1,873,570 | 1,973,183 | 2,115,596 | 2,115,596 | 2,255,596 |
| Revenues | | | | | | |
| Miscellaneous Other Taxes | 62,996 | 53,443 | 89,143 | 45,000 | 65,000 | 50,000 |
| Interest Income | 40,890 | 46,170 | 53,270 | 50,000 | 75,000 | 90,220 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | 103,886 | 99,613 | 142,413 | 95,000 | 140,000 | 140,220 |
| TOTAL SOURCE OF FUNDS | \$1,873,570 | \$1,973,183 | \$2,115,596 | \$2,210,596 | \$2,255,596 | \$2,395,816 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Capital Projects - Carryfwd | | | | | | - |
| Capital Projects - CY | - | - | - | - | - | - |
| Operating Expenditures | - | - | - | - | - | - |
| Fixed Assets | - | - | - | - | - | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | - | - | - | - | - | - |
| Operating Transfers | | | | | | |
| Transfer to General Fund | - | - | - | - | - | - |
| Total Operating Transfers | - | - | - | - | - | - |
| Ending Fund Balance | | | | | | |
| Unrestricted | 1,873,570 | 1,973,183 | 2,115,596 | 2,210,596 | 2,255,596 | 2,395,816 |
| Total Ending Fund Balance | 1,873,570 | 1,973,183 | 2,115,596 | 2,210,596 | 2,255,596 | 2,395,816 |
| TOTAL USE OF FUNDS | \$1,873,570 | \$1,973,183 | \$2,115,596 | \$2,210,596 | \$2,255,596 | \$2,395,816 |

Capital Improvement Plan

GAS TAX FUND FUND 480

FUND PURPOSE

Gas Tax Fund revenue is a state-provided funding source for the purpose of street and highway maintenance and reconstruction. Street and Highway Code Sections 2105, 2106, 2107, and 2107.5 govern the Gas Tax Fund. Expenditures from this fund are restricted to new construction and reconstruction of Town streets. The general classification of street and road working activities consist of construction, maintenance, and overhead.

Construction is the building or rebuilding of streets, roads, bridges, and acquisition of rights of way or their component parts, to a degree that improved traffic service is provided and geometric or structural improvements are effected. The following types of work are examples of street and road construction:

- The removal of old streets, roadbeds, and detour costs connected with a construction project
- Change of alignment, profile and cross-section
- Addition of a frontage street or road
- The installation of original traffic signs and markers on routes
- A complete reconstruction or an addition to a culvert
- Reconstruction of an existing bridge or installation of a new bridge
- Installations or extensions of curb, gutter, sidewalks, and under drain
- Installation or expansion of street or road lighting system

Maintenance is the preservation and upkeep of a street or road condition and the operation of a street or road facility to provide safe, convenient, and economical highway transportation. Maintenance categories include:

- Patching, repairing, surface treating, and joint filing on bituminous or concrete surfaces
- Resealing street or road shoulders and side street and road approaches
- Removing slides and restoring facilities damaged by slides
- Mowing, tree trimming and watering within the street right-of-way
- Repairing curb, gutter, rip-rap, under drain, culverts, and drains
- Repainting of pavements, striping and marking to the same standards
- Furnishing of power for street and road lighting and traffic control

Overhead includes those elements of cost necessary in the production of an article or performance of a service. Usually overhead relates to expenditures which do not become an integral part of the finished product or

⌘ CAPITAL IMPROVEMENT PLAN ⌘ Gas Tax Fund

service. Overhead costs are only allowed under an approved cost allocation plan, or an equitable and auditable distribution of overhead to all departments. Components of overhead expenses include:

- Management
- Procurement
- Advertising
- Legal Costs
- Payroll
- General Accounting/Finance
- Facilities

Ineligible Activities

Although many types of work may be classified as “construction,” this does not make them automatically eligible. To be eligible the work must be for street or road purposes. The following is a list of the types of expenditures, which are not eligible:

- Costs of rearranging non-highway facilities, including utility relocation, when not a legal road or street obligation
- New installation of utilities, including water mains, sanitary sewers and other non-street facilities
- Decorative lighting
- Work outside the right-of-way, which is not a specific right-of-way obligation
- Maintenance or construction on alleys, which have not been formally designated as part of the jurisdiction’s street and road system
- Improvements and maintenance to ‘Park and Ride’ designated lots

BUDGET OVERVIEW

Gas Tax Fund revenues are budgeted equal to estimated levels for the prior year as the revenue has shown both an increase and a decrease in recent years. With the recent escalation in gasoline prices, the projection for FY 2007/08 may be conservative, however conservative judgment recommends using a lower estimate in this volatile market. The ongoing Street Repair and Resurfacing Program Project was carried forward from FY 2006/07. The Rehabilitation of Hillside Streets is a new CIP project for FY 2007/08.

⌘ CAPITAL IMPROVEMENT PLAN ⌘
Gas Tax Fund

STATEMENT OF SOURCE AND USE OF FUNDS

| | 2003/04 Actuals | 2004/05 Actuals | 2005/06 Actuals | 2006/07 Adopted | 2006/07 Estimated | 2007/08 Adopted |
|------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|------------------------------|----------------------------|
| SOURCE OF FUNDS | | | | | | |
| Beginning Fund Balance | | | | | | |
| Unrestricted | 567,994 | 498,239 | 929,546 | 567,816 | 567,816 | 492,816 |
| Total Beginning Fund Balance | 567,994 | 498,239 | 929,546 | 567,816 | 567,816 | 492,816 |
| Revenues | | | | | | |
| Intergovernmental | 556,109 | 553,021 | 538,201 | 546,000 | 546,000 | 546,000 |
| Interest Income | 11,780 | 18,530 | 16,370 | 16,700 | 25,000 | 19,710 |
| Operating Transfers | - | - | - | - | - | - |
| Total Revenues | 567,889 | 571,551 | 554,571 | 562,700 | 571,000 | 565,710 |
| TOTAL SOURCE OF FUNDS | \$1,135,883 | \$1,069,790 | \$1,484,117 | \$1,130,516 | \$1,138,816 | \$1,058,526 |
| USE OF FUNDS | | | | | | |
| Expenditures | | | | | | |
| Salaries and Benefits | - | - | - | - | - | - |
| Capital Projects - Carryfwd | - | - | - | - | - | - |
| Capital Projects - CY | 531,024 | 34,244 | 810,301 | 540,000 | 540,000 | 540,000 |
| Fixed Assets | - | - | - | - | - | - |
| Internal Service Charges | - | - | - | - | - | - |
| Total Expenditures | 531,024 | 34,244 | 810,301 | 540,000 | 540,000 | 540,000 |
| Operating Transfers | | | | | | |
| Transfer to General Fund | 106,620 | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 |
| Total Operating Transfers | 106,620 | 106,000 | 106,000 | 106,000 | 106,000 | 106,000 |
| Ending Fund Balance | | | | | | |
| Unrestricted | 498,239 | 929,546 | 567,816 | 484,516 | 492,816 | 412,526 |
| Total Ending Fund Balance | 498,239 | 929,546 | 567,816 | 484,516 | 492,816 | 412,526 |
| TOTAL USE OF FUNDS | \$1,135,883 | \$1,069,790 | \$1,484,117 | \$1,130,516 | \$1,138,816 | \$1,058,526 |

∞ CAPITAL IMPROVEMENT PLAN ∞
Gas Tax Fund

GAS TAX CIP PROJECTS

| | FY 2007/08 | | | New | |
|---------------------------------------|---------------------|---------------------|---------------------|-------------------|---------------------|
| | Est Exp | Expenditures | Estimated | Funding | Total |
| | Prior To | During | Carryforward | FY 2007/08 | Budgeted |
| | FY 2006/07 | FY 2006/07 | | | |
| <i>Completed Projects</i> | | | | | |
| Los Gatos Almaden Street Imprv | - | 82,308 | - | - | 82,308 |
| Total of Completed Projects | \$ - | \$ 82,308 | \$ - | \$ - | \$ 82,308 |
| <i>Carryforward Projects</i> | | | | | |
| Street Repair & Resurfacing | 2,260,887 | 457,692 | - | 500,000 | 3,218,579 |
| Total of Carryforward Projects | \$ 2,260,887 | \$ 457,692 | \$ - | \$ 500,000 | \$ 3,218,579 |
| <i>New Projects</i> | | | | | |
| Rehabilitation of Hillside Streets | - | - | - | 40,000 | 40,000 |
| Total of New Projects | \$ - | \$ - | \$ - | \$ 40,000 | \$ 40,000 |
| Total of Gas Tax Projects | \$ 2,260,887 | \$ 540,000 | \$ - | \$ 540,000 | \$ 3,340,887 |

FY 2007/08 KEY PROJECTS

The Gas Tax Fund has two carryforward projects with remaining funding and additional appropriations:

STREETS PROGRAM

- **Street Repair and Resurfacing** (480-0352) – The Town's Street Resurfacing Program of preventative and deferred maintenance includes both carryforward funds and new appropriations. The work to be performed consists of a balanced program of surface seals, street reconstructions and pavement overlays, with supplemental ongoing maintenance activities performed by the Town's Park and Public Works department staff. Over the last five years, substantial progress was made towards improving the condition of the streets in Los Gatos, with nearly half of the streets receiving various resurfacing treatments. From this investment, the Pavement Condition Index (PCI) that was 64 in 2000 was raised up to 72 in 2005. Keeping the PCI at 72 would require approximately \$1.9 million dollars annually; however, Town funds are not available for this level of maintenance. Alternative financing options are being reviewed, and limited funding may be available from year end fund balance in future years.

Operating Budget Impacts - Engineering staff time for project design and oversight is incorporated into the operating budget workplan.

- **Rehabilitation of Hillside Streets** (480-0352) –This project proposes to rehabilitate hillside “collector” streets including College Avenue, Kennedy Road and Prospect Avenue. These hillside roads serve many residents in the hillside neighborhoods, and provide the residents’ only access to the Town and points beyond. All of the roads have a Pavement Condition index (PCI) of under 50, which is in the “poor” category. Given their level of use and their poor condition, the streets are a priority for rehabilitation. Alternative funds for this project have been awarded to the Town through the Caltrans Surface Transportation Improvement Program (STIP), with a local match from the Town of \$40,000.

Operating Budget Impacts – Project design and oversight by the Engineering staff is incorporated into the Engineering Program Services FY 2007/08 budget workplan.